



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 20, 2001

S. 951

Coast Guard Authorization Act of 2001

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on August 2, 2001*

SUMMARY

CBO estimates that implementing S. 951 would cost \$3.1 billion in fiscal year 2002 and \$4.4 billion over the 2002-2006 period, assuming appropriation of the authorized amounts. The bill could affect governmental receipts by increasing certain civil penalties; therefore, pay-as-you-go procedures would apply to the bill, but CBO estimates that any resulting increase in receipts would be less than \$500,000 annually. S. 951 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

S. 951 would extend to 10 years, the period of time during which manufacturers of recreational boating vessels and associated equipment are required to issue recalls for products found to be defective or out of compliance with current regulation. This extension would constitute a private-sector mandate as defined by UMRA. According to both government and industry sources, vessel and equipment manufacturers already comply with this requirement. Therefore, CBO expects that there would be no additional cost associated with this private-sector mandate.

The legislation would authorize the appropriation of \$4.4 billion for discretionary programs of the U.S. Coast Guard (USCG) for fiscal year 2002, including about \$3.6 billion for operating expenses, \$669 million for acquisition and other capital projects, \$22 million for research activities, \$16 million for bridge alterations, and \$17 million for environmental compliance. Of the amounts authorized, \$48.5 million would be derived from the Oil Spill Liability Trust Fund (OSLTF). In addition to annual appropriations for routine Coast Guard activities, the bill also would authorize 2002 appropriations of \$22 million for capital expenses related the LORAN-C infrastructure and \$100 million to convert, operate, and maintain up to seven PC-170 patrol craft that may be received by the agency from the Department of Defense.

The bill also would extend the availability of an existing \$20 million authorization of appropriations for innovative financing of Coast Guard housing projects until 2006. (Under existing law, the housing program authority expires at the end of fiscal year 2001.) Finally, S. 951 would authorize the appropriation of \$876 million for Coast Guard retirement benefits—an appropriated entitlement—in 2002.

Other provisions of the bill would change certain Coast Guard personnel practices, provide additional authority for marine safety programs, and add or eliminate various reporting requirements. Any costs or savings for these changes in fiscal year 2002 are included in the bill's specified authorization levels for Coast Guard appropriations.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effects of S. 951 are summarized in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 400 (transportation).

	By Fiscal Year, in Millions of Dollars					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION						
USCG Spending Under Current Law						
Budget Authority/Authorization Level ^a	3,736	29	0	0	0	0
Estimated Outlays	3,805	1,061	467	282	137	23
Proposed Changes						
Authorization Level	0	4,454	4	4	4	4
Estimated Outlays	0	3,120	773	297	157	52
USCG Spending Under S. 951						
Authorization Level ^a	3,736	4,483	4	4	4	4
Estimated Outlays	3,805	4,181	1,240	579	294	75

a. The 2001 level is the amount appropriated for that year. The \$29 million in 2002 is the amount already authorized to be appropriated from the OSLTF for Coast Guard operating expenses and research.

The amount authorized by the bill for Coast Guard retirement has not been included in the above table because such pay is an entitlement under current law and it is not subject to appropriation actions.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the amounts authorized by S. 951 for USCG programs will be appropriated for fiscal year 2002.

The authorization level for 2002 is the amount stated in the bill for discretionary activities, excluding \$28.5 million of the \$48.5 million to be derived from the OSLTF. This amount, which consists of \$25 million for Coast Guard operations and \$3.5 million for research, has been excluded from the incremental cost of implementing the bill because such funding is already authorized under existing law. For this estimate, CBO assumes that the \$20 million reauthorized for innovative financing of USCG housing projects will be appropriated in equal increments over the five-year period. Estimated outlays reflect historical spending patterns for Coast Guard programs.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that enacting the provisions in S. 951 regarding penalties for interfering with the safe operation of vessels could increase revenues from civil penalties, but by less than \$500,000 annually.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 951 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 951 would extend to 10 years, the period of time during which recreational boating vessel and associated equipment manufacturers are required to issue recalls for products found to be defective or out of compliance with current regulation. This extension would constitute a private-sector mandate as defined by UMRA. Current law requires manufacturers to issue a recall if a product is found to be defective or in violation of standards within five years of its manufacture or certification. According to both government and industry sources, vessel and equipment manufacturers already voluntarily issue recalls for such products after the 10 years required by the bill. Therefore, CBO expects that there would be no additional cost associated with this private-sector mandate.

PREVIOUS CBO ESTIMATES

On May 17, 2001, CBO prepared a cost estimate for H.R. 1699, the Coast Guard Authorization Act of 2001, as ordered reported by the House Committee on Transportation and Infrastructure on May 16, 2001. Differences in the estimates for H.R. 1699 and S. 951 reflect differences in the authorization levels contained in the two bills.

On August 16, 2001, CBO prepared an estimate for H.R. 2481, the Omnibus Maritime Improvements Act of 2001, as ordered reported by the House Committee on Transportation and Infrastructure on July 18, 2001. H.R. 2481 contains many of the same provisions in S. 951, several of which would increase Coast Guard operating and capital costs. The costs of such provisions are included in the estimate of S. 951 within the levels specifically authorized to be appropriated.

H.R. 1699 and H.R. 2481 contain no private-sector mandates as defined by UMRA.

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